DATE: July 8, 1988
BY: Cindy Fugett
RE: Summary of Signal Book Project

Signal is a project in conjunction with Crown Publishers in NYC. Crown signed an agreement to publish both Signal and Fringes as a package deal.

Signal received $59,000 from Crown: $34,000 as an advance against future royalties ($40,000 less $6,000 Agent Fee), and $25,000 toward production costs. Additional royalties (7.5%) will occur if the combined sales of the two books are over 80,000 copies. The cover price of the book is $16.95.

We tried to produce this book in a more cost-effective manner than in the past. One way we attempted this was to hire three editors for $5,000 each (for a total of $17,515 including payroll taxes) to do most of the work. They worked on the project from Feb 1 to June 30. In addition, a total of 1,593 hours were put in on the project by Point staff (at $11-$12/hour), above those hours put in by the three salaried editors, to do design, proof-reading, paste-up, indexing, editorial, camera & production managing.

My estimate of the total number of hours worked on the project is 4400, calculated as follows:

3 Editors-22 weeks * 40 hrs/wk * 3 + 160 fudge =	2800 hours
Hourly staff hours	1593
Rounding	7
TOTAL	4400

Crown paid half of the $59,000 upon signing and pays the balance upon acceptance of the boards.

SIGNAL INCOME STATEMENT AS OF 6/30/88

	A	B	C	D	E	F
1	Signal Book-Budget Revision					
2	Prepared by ccf	7/ 3/1988				
3	c:SignalB.cal					
4				EstCostsTo	Total	
5		Orig Est	Amt Used	complete	Costs	
6						
7	New Hires	15000	15500		15500	
8	New Hire Taxes	2000	2015		2015	
9	Prodn: Salaried/OPS(1)	13012	21472		21472	
10	Misc Expenses	4520	3747		3747	
11	Contributors	5400	0	4000	4000	
12	TOTAL	$39932	$42734	$4000	$46734	
13						
14						
15	(1) Includes Editorial (KK), Design (KO), Photography (DR),					
16	Proofing (HR,SER,LW), Indexing (DB), pasteup (LB,JC) + P/R taxes					
17	(2) Amt Used for Salaried/OPS Prodn was calculated as follows:					
18		33375	Total Salaries thru 6/30			
19		15500	less new hires paid			
20		17875	Total Salaried Prodn (not inclg P/R			
21		2324	P/R taxes paid (13%)			
22		20199	Total Salaried Prodn inclg taxes pai			
23		1273	Total OPS Paid			
24		$21472	TOTAL SALARIED+OPS PRODN/EDIT			
25	Taxes for New Hires and Salaried are included in amount used					
26	although amounts have not been transferred into Genl Ledger Acct.					
27	(3) Est and Actual Costs for Salaried/OPS Prodn/Edit Work:				Total	
28		Est June Costs		Amt Used June	Project Hours	
29	Design Hours	120		164	423	
30	Camera hrs	70		86	157	
31	Paste-up hrs	160		125	223	
32	proofreading	93		104	258	
33	indexing	60		44	78	
34	prodn	63		70	167	
35	Editorial	98		74	287	
36	Total Hours	664		667	1593	
37	Hours * $13.60/hr	$9030		$9071	$21665	
38						
39	Total Income:					
40	Production	25000				
41	Advance	40000				
42	less Brockman 15%	-6000				
43		----------				
44	Total $ Avail	$59000				
45	Total Direct Costs	46734				
46		----------				
47	Gross Gain	$12266				
48	Contrib to Ovhd	10975	(1535 hrs * $7.15)			
49		----------				
50	Net Gain	$1291	(As reported in Signal)			
51		==========				
52						
53	NOTE: After submitting my 7/1 report to KK, I discovered some errors. This					
54	report corrects those errors (which were related to Total Project Hours).					
55	The result is that more hours were worked than originally reported. This					
56	increases the Contrib to Ovhd to $11,390 and reduces the Net Gain to $876.					
57	However, because the Contrib to Ovhd account is an estimate, I suggest					
58	reporting that amt at the original cost of $10,975 (1535 * $7.15), leaving					
59	a Net Gain of $1,291, as reported here.					

name to the *Whole Earth Review* during a mild spell of schizophrenia in the midst of the personal computer revolution. In that computer craziness, Stewart saw something deep brewing and set off to investigate. I remained as editor of the magazine in his absence.

His poking about brought Stewart to the busy labs of a man whom he had encountered many years before in a pioneer book called *The Architecture Machine*. The author, Nicholas Negroponte, was now heading a world renowned research center, the MIT Media Lab, at MIT in Cambridge, Massachusetts. Negroponte was "inventing the future" by asking the simple question, "what happens if TV, computers, and books all merge into one media?" He presented his answers as small do-able experiments, or demos. Stewart was hanging out writing a book about this den of invention (see page 180), asking a simple question himself, "how do you hook up the human nervous system to the global information network?"

In parallel, I was exploring my own question, "what is the natural history of information?" in *Whole Earth Review*. All three questions spawned this book, *Signal*.

In reporting this esoterica, I began to hunger for a practical manual. If this is the information age — a time ruled by the adroit wielding of information, rather than of materials like gold or oil — what are useful information tools? How does information work? It proliferates so rapidly, can you have too much of it? What utilities do you use to keep it under control?

I envisioned a small, quickly produced book similar to the original *Catalog* in its use of immediate processes. The book should employ the same tools it reported: electronic networks, personal computers, affordable laserprinters, Polaroid film, and copy machines. Ideally it should be done rapidly with a short cycle from user experience to editorial filter to transmission by desktop publishing. It should give an overview to frontiers that are still isolated, a good idea.

The solution was to try the notion as a special issue of *Whole Earth Review*. Jeanne Carstensen and I waded into the swamps of communication technology and came back with 288 pages of news which Jeanne edited into 144. We mailed that issue, *SIGNAL*, in the fall of 87, soliciting feedback and suggestions of where to search for more. Reader response in both forms (yeas and more suggestions of tools) persuaded me that this was marketable news.

By winter New York was beginning to think the same. I issued our proposal again. We cut our projected expenses further by relying more on the Macintosh for such chores as proofreading (we cut several of the usual many proofs by sending the copy through a spellchecking program) and layout. Finally in December, 1987, we got an offer from Harmony/Crown Books which we accepted after negotiation.

The book began in earnest about the first of the year, 1988. First hire was Richard Kadrey, an upcoming cyberpunk science fiction author. His first novel had just hit the bookstores, unbeknownst to me. Everyone I bumped into, including my brother, seemed to be reading his *Metrophage* (Ace Special, see page 181). It's gone around the office, its plot gabbed about during lunch, so I've hardly needed to read it. I would guess that there is plenty in the research Richard did for *Signal* to be grist for his next novel.

Second hire was Sally (Sarah) Vandershaf who had a suitable background as a researcher for Time-Life Book's series on computers. Sally went from a complete Macintosh innocent to a desperate Macintosh computer game junkie in the span of five months. She figured out it was very easy to score free review copies of the games. She devoured every one she could locate and disappeared into them for hours every day while trying to locate the Seventh Mirror in the dungeon of Trantor or some such. Her productivity skyrocketed. She turned in every page ahead

Business

Investigative journalists are taught to follow the money to get the real story. Here's what happens to the $16.95 you paid for this book.

7.20 to Harmony Books
7.12 to the bookseller
1.36 to book wholesaler
.19 to John Brockman Assoc.
1.08 to Whole Earth
16.95 Signal

John Brockman is Whole Earth's literary agent. He takes the industry standard 15% of our royalties for negotiating the nit-picks in the contract. The wholesaler's deal is considerably more straightforward. He buys a crate full of the books, inventories them, and hopes to divvy them up among the booksellers. As middleman he'll siphon off more than we'll get. At the end of the line is the bookseller who takes a fair chunk of the change for the worrisome toil of persuading ordinary folk to come in and actually pay for information. Booksellers hedge their reasonable risk with the option to return unsold books to the publisher.

The publisher reaps the most because they have the most to lose. If this book bores the browsers in the stores, Harmony is out the $152,000 they have probably invested into it. Beside the cost of printing an initial lot of 35,000 books (which costs them 15% of the cover price, or $87,500) they would also lose the $65,000 advance they paid us. On the other hand they need only sell 21,100 copies of ***Signal*** *to break even on the printing and advance expenses. That doesn't count what they'll spend on promotion (usually figured as 10% of the net*

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Sausalito, CA 94965
415/332-1716

*Our contract with Harmony permits us to purchase copies of **Signal** at a discount to sell via mail order to you. Additional copies of **Signal** may be ordered from us for $15 postpaid. That's $2 off the list price. You can figure you save $4 or more if you add tax or shipping costs from the publisher. (Please include tax if you live in California.) For extra copies of **Signal** send orders to the address above.* — *KK*

*receits for the first printing, or about $20,000 for **Signal**), or their overhead. I'd guess they'll hit real breakeven at 35,000 — the first printing sellout.*

*Our $65,000 advance is part advance payment against our projected royalty payments— 7.5% of the retail price of each book, and part out-right payment for production costs. Since we provided Harmony with camera-ready everything , they had to do none of the work they would usually do on a book, typesetting , proofreading, and all that. They agreed to allot $25,000 toward that, although it cost us more. The remaining $40,000 is our modest royalty advance. We don't receive any more income until the book earns us more than $40,000 in royalties. We'll pass $40,000 in royalties after 31,000 copies are sold. Deducting our agent's 15% cut, that raises our threshold to more than 37,000 copies of **Signal** sold before we see any payola. (Actually the deal is more complicated than this. **Signal** is joint-accounted with another book we are making for Harmony, called **The Fringes of Reason,** about ec-*

Cindy, keeper of the financial books.

centric science and weird beliefs. Sales must exceed about 80,000 copies in total for either book, or in combination, before we earn any royalties for either book.)

*So where did the $65,000 advance go? Very little went to equipment. We bought one new Macintosh SE for another project which freed one we already had,to be used for **Signal.** It joined five other Macs, and one LaserWriter on the premises. We consumed 100 floppy discs, 3 laser toner cartridges, and 600 sheets of Polaroid film. We made a lot of phone calls, $900 or so. Cindy Fugett kept track of everything. Her full report appears to the right.*

Of the $65,000 we pocketed in advance, we spent $63,709. That leaves a sure and certain $1,291 gain, even if we sell less than 37,000 copies. Sell more than that, and we're on a roll.

— Kevin Kelly

SIGNAL FINANCIAL REPORT

Editorial	$21418
Design	5753
Proofreading	3509
Paste-up	2840
Production	2271
Photography	2135
Indexing	1061
Film	1022
Phones	860
Miscellaneous (supplies, etc)	1865
Contributors	4000
Overhead (rent, utilities)	10975
Total	**57709**

PROFIT/LOSS

Harmony advance	65000
Literary agent	-6000
Signal costs	-57709
Net Gain	**$1291**

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